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Subject: National Wind Watch: Solar and Wind Pitted Against Each Other in Key Energy Bill

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Benjamin Storrow: July 6, 2017

A fragile truce aimed at overhauling North Carolina's solar market, America's second-largest, is now in jeopardy thanks to a dispute over wind.

Lawmakers in Raleigh inserted an 18-month moratorium on new wind development into an energy bill passed before the close of the legislative session last week. The moratorium was included at the behest of Senate Republicans worried about the towering turbines' impact on North Carolina's military installations.

The move has thrown the bill's future into doubt. Gov. Roy Cooper (D) spoke out in favor of a draft that emerged from the House. Now, it is unclear where the governor will come down. A Cooper spokeswoman said yesterday that the governor was still reviewing the bill. Republicans maintain a supermajority in both chambers and could override a veto, but many aren't taking any chances.

Duke Energy Corp., the state's largest utility, and House Republicans are urging Cooper to approve the measure, saying the benefits to the solar industry would outweigh a short-term setback to the wind industry. The bill would overhaul the contracts granted to small-scale solar developers, ensuring 2.6 gigawatts of new development over the next 3 ½ years. It would also open up the state's residential and commercial solar market by providing homeowners and businesses the ability to lease panels.

"The bill as introduced in the North Carolina House and what passed in the North Carolina House is a bill that we wholeheartedly supported," said Duke spokesman Randy Wheless.

Of the wind provisions, he said, "We didn't ask for this."

Cooper should nevertheless sign the bill, Wheless said, arguing that it guarantees a market for solar developers, cuts costs for ratepayers and allows the utility to better integrate solar into the grid.

Renewable advocates, for their part, are steamed. The original bill was the product of a nine-month negotiation among Duke, environmentalists and solar developers, who often don't see eye to eye. Wind didn't figure in the conversations.

The North Carolina Sustainable Energy Association, which supported the initial House bill, professed to be "very disappointed," while the Solar Energy Industries Association, a trade group, called the moratorium "unnecessary and disappointing." But neither called on Cooper to veto the bill.

Wind developers are threatening to pull back from the state. Apex Clean Energy said the moratorium would result in the suspension of its proposed 300-megawatt Timbermill wind farm in eastern North Carolina.

"House Bill 589, as passed, threatens private property rights and jeopardizes hundreds of millions of dollars of investment in rural economies," Apex President and CEO Mark Goodwin said in a statement. "This moratorium sends a clear signal that wind energy is not welcome in North Carolina while selfishly seeking to divide the renewables industry."

The bill would make North Carolina the latest state to curb wind development. Texas recently enacted a bill limiting tax incentives for wind developments within 25 miles of military facilities.

Another moratorium

In May, Tennessee imposed a 14-month moratorium on wind development in counties without local ordinances designed to address the developments (Climatewire, June 15).

The battle over wind farms and military installations in North Carolina is a holdover from the state's first commercial wind farm. Avangrid Renewables' 208-MW Amazon wind farm was dogged by concerns that it could affect military radar systems before going online in December.

The Pentagon ultimately rejected the concerns, but some North Carolina lawmakers contend that the Defense Department was forced to accept the development by the Obama administration (Climatewire, Jan. 18).

"People don't realize – the generals will tell me, off record – how important this is. They won't say it in public. It's the biggest threat to their bases of anything out there at this point," state Senate Majority Leader Harry Brown (R) told WRAL News recently.

The wind moratorium passed by the Legislature would allow state regulators to process applications but would prohibit them from issuing a final permit. The 18-month moratorium is less than the four years initially sought by the Senate. The bill calls on lawmakers to study the state's military installations to determine where wind farms may threaten military operations.

Detractors call the review unnecessary, noting that the military already employs a siting process for developments near its operations. Others hope a study can be expedited by a recent land-use study of two North Carolina military installations conducted by the state, making the matter moot.

"My hope would be it won't take the full 18 months to get the level of detail Senator Brown wants to see. I think it can be done sooner," said state Rep. John Szoka, a Republican who chairs the House Energy and Public Utilities Committee. He nevertheless added, "I liked the bill that left the House and went to the Senate."

Good for solar, not wind

The initial bill, drafted by Szoka, was aimed at addressing the rapid growth in North Carolina's solar market. The Tar Heel State offered generous terms to small-scale solar developers under the Public Utility Regulatory Policies Act (PURPA), a long-standing federal law that requires utilities to accept small renewable projects. Solar developers responded by installing roughly 2.5 GW of capacity in North Carolina, according to industry data, the second-most of any state.

The rapid growth prompted concerns from Duke, which argued that the solar boom was a dead weight on consumers' bills and produced a glut of power in the eastern part of the state. H.B. 589, as the measure is known, would reduce the size of projects eligible for a guaranteed offer from 5 MW to 1 MW.

And instead of forcing the power company to accept small-scale projects, solar developers would now submit competitive bids to utilities. In return, the bill would require power companies accept a total of 2.6 GW over the next 3 ½ years. Future allocations would be determined by the public utilities commission.

Analysts predicted installations in the near term would slow and the number of developers would decrease.

"In the long run, it will lead to more healthy competition and greater solar development in that market, instead of boom-bust cycles we saw in other PURPA-driven markets like Montana and Utah," said Colin Smith, a solar analyst at GTM Research.

Stephen Kalland, director of the North Carolina State University Clean Energy Technology Center, was less sure. It is unclear what would happen to solar development after North Carolina fills the first 2.6 GW of development, he said, and attempts to open up the residential and commercial markets face a similarly uncertain future.

While the bill would allow homeowners and businesses to lease panels, an option that can make solar arrays more affordable, it also would direct the North Carolina Utilities Commission to conduct a net metering study. The outcome of that study would likely determine the success of the residential and commercial markets, Kalland said.

But first the Senate must sign off on two Cooper appointees to serve on the commission, Kalland said. Both candidates are perceived to be friendly to renewables, but the Senate could hold up those appointees if the governor decides to veto the bill.